

What Moved the Markets this Week?

In July, the UK's inflation rate dropped to 6.80% YoY from June's 7.90% YoY (three times above the BoE's target), mainly due to falling gas and electricity prices. Also, the core inflation declined to 6.90% (vs 7.20% in June). Despite the decline, the stubbornly high inflation rate underscores the underlying price pressures in the country. Thus, we expect the BoE to maintain its hawkish cycle as wage growth rebounds and inflation remains above target levels. Elsewhere in China, the country's housing market has struggled amid rapid yd declining home prices. According to the China Bureau of Statistics, new home prices slipped by 0.23% in July across over 70 cities. This signals the troubles prevalent in the property sector of the second-largest economy. As such, there is heightened fear of potential defaults amongst the developers as sales slowdown persists. As a measure from the People's Bank of China (PBOC) to mitigate the increase and risks in the property sector and revive the weak consumer spending, the PBOC cut the key interest rate by 15bps. This marks the highest single cut from the monetary authority since 2020. According to Statistics South Africa, South Africa's unemployment rate declined to 32.60% in Q2-2023 (vs 32.90% in Q1-2023). This represents its lowest unemployment rate since Q1-2021. Despite this progress, the country battles structural issues, including power blackouts and logistical constraints. Notwithstanding, the economy is expected to avoid a contraction in the second quarter of 2023 as the mining and manufacturing sectors are likely to record better-than-projected outputs.

According to the National Bureau of Statistics, the headline inflation rate for July jumped significantly by 128bps to 24.08% YoY (vs 22.79% YoY in June). Additionally, the food and core indices rose by 26.98% YoY and 20.47% YoY, respectively. We highlight that the uptick witnessed during the month reflects the continuous impact of the May fuel subsidy removal on the cost of transportation. In the near term, both food and core inflation will remain elevated due to the depreciation of the Naira, the crop losses in agricultural rural regions (including North and South America), and concerns about rice scarcity attributed to El Niño disruptions. As an effort to mitigate the impact of the fuel subsidy on households, the President approved the Presidential Compressed Natural Gas Initiative. This initiative seeks to improve the nation's transportation sector by introducing over 11,500 new CNG-enabled vehicles and converting 55,000 existing petrol-dependent vehicles to CNG. In our view, this development is expected to reduce energy costs for citizens, improve the drive for cleaner energy via reducing carbon emissions, and encourage job creation. Furthermore, the Nigerian National Petroleum Limited (NNPC) secured a \$500bn emergency crude oil loan from the African Export-Import Bank (AFREXIM). This loan facility allows the NNPC to pay its taxes and royalties to the Federal Government of Nigeria (FGN) and better equip the FGN to stabilize the Naira. The disbursement of this fund is scheduled to occur in multiple tranches, in line with the FGN's needs. The facility would be repaid from Fractions of the NNPC's proceeds from future oil production and is not expected to deny the FGN's future revenue from crude oil production. The AFREXIM loan is a welcome short-term fix; however, Nigeria's interest in market issues need permanent resolve.

After four consecutive of positive close, the local bourse closed in the red zone as the All-Share Index lost **-0.80%** WoW. The weekly performance was mixed across sectors as **NGXBNK** (+2.06% WoW), **NGXOLGAS** (-0.42%) and **NGXINS** (-2.17% WoW) recorded losses while **NGXCNSMRGDS** (+2.93% WoW), **NGXINDUSTR** (+0.37% WoW) closed up.

At the FGN bond auction this week, the total subscription settled at NGN212.56bn (0.87% lower than the NGN260bn offer). Subsequently, the average marginal rate rose to 14.98% (from the previous auction's 13.63%). At the secondary market, performance was broadly bearish as the average TBills and bond yields increased to 7.26% and 13.83% (compared to 6.65% and 13.52% last week), respectively.

Nigeria | August 18th, 2023

Market Performance

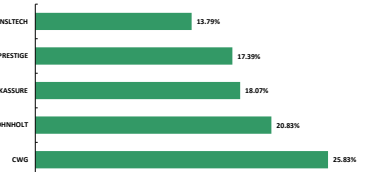
Equities	This Week	Previous Week	% Δ
NGXASI	64,743.96	65,325.37	-0.89%
Volume ('bn)	1.78	1.71	4.22%
Value ('bn)	26.11	24.93	4.73%
Mkt. Cap. ('Tn)	35.42	35.55	-0.36%
Market Breadth	0.60x	0.85x	

	WTD	MID	YTD
NGXBNK	-2.06%	-0.40%	59.90%
NGXCNSMRGDS	2.39%	5.25%	52.57%
NGXOLGAS	-0.42%	-1.81%	97.76%
NGXINS	-2.17%	2.73%	53.60%
NGXINDUSTR	0.37%	0.24%	18.64%
NGX-ASI	-0.89%	0.63%	26.33%

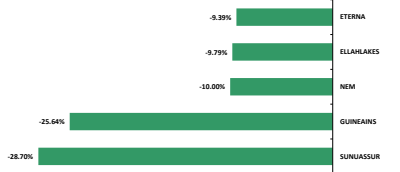
Other Indices	WTD	MID	YTD
NGX-30	-0.76%	0.77%	28.15%
NGX-PENSION	-0.63%	0.89%	53.48%

Market Outliers

Top Gainers

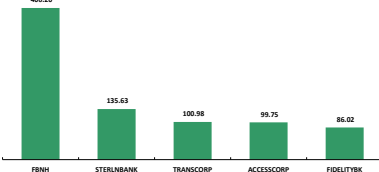


Top Losers

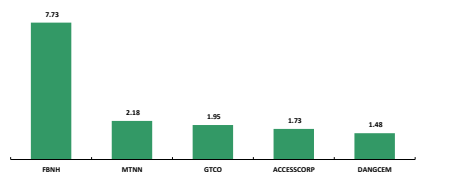


Weekly Trading Activity

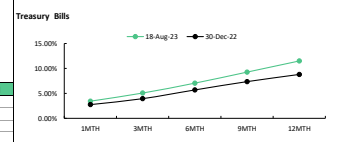
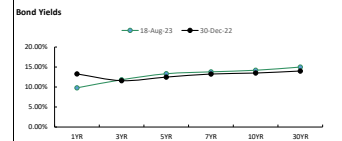
Volume ('mn)



Value ('bn)



Fixed Income Monitor



	This Week	Previous Week	% Δ
U.S. (per USD)	739.52	781.34	5.66%

Bond Yields	This Week	Previous Week	% Δ
1YR	9.79%	10.02%	-0.23%
3YR	11.82%	11.72%	0.10%
5YR	13.32%	13.20%	0.12%
7YR	13.80%	13.43%	0.37%
10YR	14.19%	13.59%	0.60%
30YR	14.99%	14.99%	0.00%

In Other Markets	Nigeria	Ghana	Egypt	Kenya	South Africa	Frontier	Emerging	Developed
Today	0.12%	-0.15%	-0.52%	-0.84%	-1.80%	-0.70%	-0.19%	-0.88%
WTD	-0.89%	0.36%	0.00%	-2.55%	-5.11%	-1.75%	-2.39%	-2.83%
YTD	26.33%	25.27%	23.09%	-20.49%	-0.01%	4.19%	1.83%	6.43%
YTD	12.64%	4.72%	9.56%	5.15%	11.46%	10.30%	12.83%	16.29%

Money Market Rates	This Week	Previous
ORB	20.19%	2.00%
OVN	19.79%	2.80%
Average	19.99%	2.40%

Treasury Bills Yields	This Week	Previous
1MTH	3.44%	3.37%
3MTH	5.07%	4.72%
6MTH	7.05%	6.46%
9MTH	9.26%	8.30%
12MTH	11.50%	10.32%
Average	7.26%	6.65%

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